



ITALY BEST PROSPECT INDUSTRY SECTOR PROFILE

Sector Name: **INSURANCE SERVICES**

ITA Industry Code: INS

Total direct and indirect insurance premiums collected by firms based in Italy increased by 14.1 percent in the year 2002 to \$86,239 million. In particular, \$32,454 million came from casualty insurance premiums and \$53,784 from life insurance premiums, which increased respectively by 8.0 percent and 18.4 percent over the previous year. Life insurance premiums continued to experience rapid growth accounting for 61.5 percent of the total insurance premiums in 2002. The overall demand for insurance products also continued to increase and registered a 12.7 percent growth rate – slightly greater than 9.4 percent of the previous year.

The Association Nazionale Imprese Assicuratrici (National Association of Insurance Companies) predicts slower growth for casualty insurance (about 6 percent) over the next year because of the limits imposed by new legislation on auto insurance. According to the association, total life insurance premiums should reach \$73,286 million in 2003, with life insurance growing at about 14 percent, less than the 18.4 percent growth registered in 2002.

The importance of the insurance industry - measured by the ratio premiums/GDP- has increased every year since 1999, moving from 3 percent in 1999 to almost 4 percent in 2001. This ratio is over 10 percent for the UK and around 6 percent for France. However, Italy now surpasses Germany's 3 percent and is equal to the ratio for Spain. The insurance sector will continue to play a major role in Italy's financial markets due to the deficit of the national pension and health system and the increased importance of the newly created private pension funds.

Among the top ten companies operating in the sector are eight large Italian insurance companies led by "Assicurazioni Generali". Foreign-owned insurance companies, which have been quite aggressive in the market, maintain an estimated market share of 30 percent. Countries whose firms have the strongest market presence are Germany (Ras, Lloyd Adriatico), Switzerland (Winterthur Assicurazioni) and France (Axa Assicurazioni).

The handful of U.S. companies presently doing business in Italy (including AIG Europe, Cigna Life Insurance, Chubb Insurance, Prumerica Life and Allstate) have increased their performance with the market's growth but still only represent approximately 0.3 percent of the market. U.S. companies are expected to take advantage of greater opportunities in Italy due to the liberalization of the EU insurance services market, as well as to the newly-introduced Italian tax incentives for insurance covers involving individual supplemental allowance and long-term care plans.

Data Table:

(USD Millions)	2001 (actual)	2002 (actual)	2003 (estimated)
Total Market Size	73,30	86,239	95,725
Sales by Local Firms	75,00	88,283	97,994
Exports by Local Firms	22,22	24,190	29,072
Sales by Foreign-owned Firms	20,52	24,146	26,803
Sales by U.S.-owned Firms	219	258	287
Exchange rate \$1=euro	1.117	1.057	0.877

The above statistics are unofficial estimates.